

DRAFT

Comprehensive and Strategic Plans for Public Transportation **Briefing Paper: Transit Marketing**

This paper provides background information on Metro's marketing strategies and programs, and discusses marketing issues that could be relevant to the updates to the Comprehensive and Strategic Plans. The Strategic Plan currently touches on marketing elements, but does not describe Metro's current marketing strategies overall.

There are two different aspects to "marketing" discussed in this paper:

- **Marketing as a process to develop and deliver products and services that respond to and meet customer needs:** A strategic marketing process includes assessing customer needs, designing products that meet them, delivering them with a customer focus, raising public awareness of their benefits, and evaluating performance to inform the next marketing cycle. Metro uses the term "Total Transit Product" to describe the process Metro uses to keep a customer focus through all stages of developing and delivering public transportation services.
- **Marketing as activities that raise awareness and provide incentives that maximize use of the services we provide.** Even with well-designed transit services, it is challenging to let people know what services are available to them, and when changes are made that could make transit more useful. To make sure our investments are fully used, it is important to get the word to potential users. Metro also works with jurisdictions and employers to provide incentives and alternative mobility solutions to reduce commuting by car.

Metro publishes an Annual Marketing Plan that describes short-term marketing objectives, priorities and projects. The Strategic Plan could provide a longer-term framework for marketing activities if desired.

The Public Transportation Market

Public transportation agencies are in the business of providing mobility alternatives to single-occupancy vehicle travel. In order to be competitive, they must assess where their strengths lie, consider new markets and how they can best be served, and identify where the role of public transportation can be strengthened¹. Marketing and market research can help by providing and promoting a better understanding of customer travel needs and maintaining a customer focus throughout the process of product development and delivery.

¹ Rosenbloom, Sandra : "Transit Markets of the Future: The Challenge of Change", TCRP Report 28, Transit Cooperative Research Program.

DRAFT

Metro's "Total Transit Product"

Metro's approach to marketing is characterized by its commitment to the "Total Transit Product". With the Total Transit Product, a customer's public transportation experience is intended to be positive at every stage of a trip, from initial trip planning to arrival at a desired destination. The Total Transit Product represents the successful delivery of the four 'P's of marketing: product, price, place and promotion. It strives to provide the right product, at the right price, in the right place and with the right promotion to draw customers as a result of the products responsiveness to their needs.

To achieve the Total Transit Product, Metro implements marketing activities that include:

- Market research and assessment
- Product and program development
- Promotion and sales (discussed under "Awareness and Incentives")
- Evaluation

Market research and assessment

Market research and outreach efforts are used to improve our understanding of our current and potential customers' needs, and how well new and existing products meet them. It's important to understand who is and is not using public transportation and why; which services appeal to what market segments; and what attributes of the surrounding environment influence how transit is perceived in comparison with other travel choices.

Metro collects demographic and economic data and employs a variety of research efforts to learn more about people who use public transportation services and gain insight into public perceptions of transit. These include:

- **Economic and Demographic Indicators** – Many factors such as economics and demographics impact Metro's ridership. The economy and gas prices are particularly important in influencing how many people use public transportation – for example, a strong economy and high gas prices are both factors that lead to higher ridership.
- **Surveys** – Surveys such as the Rider/Nonrider survey help Metro assess perceptions and awareness of Metro and its services, and to better understand the characteristics of riders and the general public that influence public transit use. The Rider/Non-Rider survey has been reduced in frequency to every other year, making it more difficult to track changes in public attitudes during periods of rapid change.
- **Public Outreach and Community-Based Planning** - Metro also gathers information on public needs and preferences through the community planning process conducted as part of any major service change or new service initiative. The community planning process provides opportunities for the public to help design and implement changes through public outreach efforts that include flyers, news and radio ads, surveys, public meetings and online information.

DRAFT

Developing products: marketing “mobility”

Metro responds to the diverse needs of travelers in King County with a full array of public transportation products to move people. Metro’s slogan – “We’ll Get You There” – markets “mobility” rather than focusing on one mode or service. Fixed-route bus service represents the largest and most visible portion of Metro’s service that has evolved over time as the backbone of Metro’s public transportation system. In developing new products, such as RapidRide, and in routine service change processes, Metro uses a team approach to ensure that route planning, facilities, operations and promotion efforts will work together to result in a product that work in harmony to meet customer needs.

RapidRide provides a unique opportunity to apply the Total Transit Product approach, since every aspect of RapidRide - including service design, fare collection, facility standards, operating practices, branding and passenger information are all being considered together to develop a complete product that the customer will perceive as a package. The approach to develop the RapidRide program represents an integrated process that could become a model for the development of future transit products and services. Cross-sectional teams within Metro are developing all elements of RapidRide, from service and facility design to seat layouts, fare collection and service control techniques under an integrated management structure.

Many types of trips however cannot be made easily (or at all) by fixed-route transit nor would it be cost-effective for Metro to provide fixed-route service for every type of trip. To address travel demands not well-served by fixed-route service and to maintain and build the customer base, Metro provides or helps to market a range of public transportation products tailored to specific markets, and makes sure the public understands how each of its services can meet their varying travel needs. These products range from rideshare services such as commuter vans and Rideshare.Online, to employer programs such as FlexPass and Homefree Guarantee, to community programs such as In-Motion, carsharing and bus bike racks. Metro also provides ACCESS and specialized transportation services for person’s whose disabilities prevent use of accessible non fixed-route service.

These products have helped Metro to cultivate new markets to expand mobility while increasing ridership and assuring productivity in its services. Many of these markets are reached through employer or community based efforts, including partnerships with employers, business organizations, social service agencies, membership organizations, and others. These relationships are mutually beneficial; they increase the use of Metro services while meeting employer and community needs to manage parking and traffic, attract and retain employees, or meet Commute Trip Reduction goals.

Evaluation

Metro evaluates the affects of changes made to service, as well as indicators of system and route-level performance and customer satisfaction. Performance monitoring will be addressed further in a future briefing paper. Examples of evaluation methods include:

DRAFT

- **Service change surveys** - Metro conducts surveys before and after major changes in service to gauge customer perceptions and satisfaction level, and identify areas for further improvement.
- **Customer contacts** - Feedback and customer contacts received by telephone, email, letter and online comments also provide insight into customer perceptions and needs. Metro also logs complaints and commendations from passengers, which provide detailed information about perceived problems with Metro service.
- **Route performance** - Metro monitors performance of its services at the system, subarea and route level to identify ridership and productivity, and identify areas for improvement.

Maximizing ridership through awareness and promotion

Sales and promotion are key elements of marketing, helping connect people with a product or service that addresses their needs by raising awareness and identifying benefits. Metro accomplishes this through a variety of different activities that include direct promotion, advertising, product branding and customer service.

- **Promotion** - Promotion is the most visible and one of the most important marketing functions at Metro. Promotions range from supporting regularly scheduled activities such as service changes to major initiatives such as *Transit Now* to campaigns focused on target groups. The “Fill It Up” program for example is a recent campaign to increase carpool and vanpool registration and usage through the use of incentives. It offers extra incentives to residents of Bellevue and Redmond to help mitigate traffic congestion associated with I-405 construction.
- **Publicizing system improvements** - Promotions also support major service changes and initiatives. Whenever possible, Metro capitalizes on system improvement opportunities to deliver the Total Transit Product.
- **Advertising** - Metro uses a portion of the interior and exterior space on buses to post transit and system safety information, promote bus, carpool and vanpool ridership, and to increase awareness of online customer information.
- **Product branding** - Product branding differentiates an agency. Metro has committed to developing a “brand identity” for Metro services, to create a consistent customer experience that has positive connotations - encouraging riders to continue using transit, and new riders to give transit a try.
- **Positive Customer Experience** - Key to the Metro brand is a promise to provide customers with a positive experience they can always count on. A positive customer experience helps maintain existing customers and encourages word of mouth promotion. A customer’s experience is influenced by many factors. The attitude and expertise of a driver or the knowledge and attentiveness of a customer service representative have a large impact as well as factors such as the effectiveness of the service, the comfort of the bus and the waiting environment, and the ease of use.

DRAFT

The value of marketing activities

Metro is in the business to “sell” its products and services in order to respond to regional mobility needs and to address King County’s larger public objectives, such as those related to traffic congestion, air quality, climate change, and issues of social equity. There is growing evidence that marketing in the form of market research and assessment as well as promotion can help agencies such as Metro increase ridership and sell transit services.

A study by the Transit Cooperative Research Program² observed that marketing and understanding of customer needs were important components in achieving ridership gains. The study looked at 18 systems across the U.S. that experienced significant ridership growth over a 2-year period and found that the increases were generally the result of a combination of marketing and information initiatives, service adjustments, fare and pricing adaptations, shifts in planning orientation and new efforts in service coordination and partnering. Stand-alone marketing campaigns were cited by three of the eighteen systems as significant factors in ridership increases, and all systems employed promotion as part of the implementation of service improvements and initiatives.

Moreover, the efforts which led to the identification and development of the successful initiatives involved the broad concept of marketing. More than half the agencies in the study indicated that shifts in planning, including increased emphasis on customer-oriented planning, were major factors in ridership increases. Many cited new efforts to understand and monitor customer needs more effectively as an important factor.

An example of Metro’s Total Transit Product approach is seen in the Ambaum/Delridge corridor restructure initiated in 2004. This major service change involved creation of a new route with greater frequency and longer span. As part of a holistic marketing package, service improvements were accompanied by enhanced bus stops, new curb paint, shelters, and improved lighting. Newer buses appropriate to the size and characteristics of ridership demand were assigned to the route. Metro also worked closely with local employers and businesses and conducted extensive community outreach to inform employees, customers and residents about the enhanced services.

Following the restructure, ridership on the primary route serving the corridor increased by 9 percent on weekdays, while the overall ridership of the bus routes affected by the restructure increased by 8 percent, notably higher than the system ridership growth of 2-3 percent for the same period. Growth has remained steady on the primary route, with ridership increasing by more than 35 percent since 2004, as compared to 14 percent growth systemwide during the same time period.

Metro’s marketing group also works to isolate promotional efforts and measure the results. Some measures are ‘softer’ and hard to measure such as increased awareness, preference or intent to purchase or try. But others have more quantifiable measures. For

² Research Results Digest 69, “Evaluation of Recent Ridership Increases” Transit Cooperative Research Program. April 2005

DRAFT

example, a recent route promotion associated with a major service change saw redemption of more than 40,000 free ride tickets. Of those people that used the free-ride tickets, 55 percent stated that they took the bus someplace new and 79 percent said that they planned to use Metro more in the future. Ridership increased on the promoted routes by 7.6 percent as compared to 1.8 percent on similar control routes, and 6.3 percent systemwide during the same period. These ridership gains have held over time, indicating that getting riders on the bus for a trial run can impact long-term ridership.

Insight into the value of marketing can also be gained by comparing travel trends of the general population with those at commute-trip reduction (CTR) sites, where there are concerted marketing and promotional efforts to reduce drive-alone commute trips. At targeted CTR work sites, the proportion of drive-alone commuters decreased from 60.5 percent in 1993 to 58 percent in 2004. The proportion of drive-alone commuters in the general population remained steady at roughly 70 percent during the same time period.

Issues for Discussion

This paper provides an overview of Metro's marketing activities and identifies benefits of marketing to the public transportation industry. Listed below are some related questions that may warrant further discussion as part of the updates to the comprehensive and strategic plans.

Is Metro's marketing approach on the right track – what should be Metro's marketing focus?

Marketing involves a range of activities to develop, deliver, and promote products and services that best meet customers needs. Promotion is the most visible aspect of marketing, and is essential to raising awareness of the availability and value of Metro's services, but other marketing activities such as market research are important as well.

Market research leads to a better understanding of the customer which in turn helps Metro spend its dollars more efficiently and potentially increase revenue by drawing more riders. For example, one of the 2008 marketing plan priorities is to increase use of existing capacity which means drawing riders to primarily off-peak service on midday, evenings and weekends. To draw the less traditional riders and respond to niche markets would likely require more extensive research into who those customers might be, what their travel needs are and what messages might reach those groups. Other survey efforts such as Origin and Destination studies can also provide a deeper understanding of customer travel patterns, which helps inform service planning and implementation.

Metro has not engaged in much advertising of specific services and routes until recently; these types of marketing efforts are proving to be successful– should they be increased, at some expense to delivery of service?

Research of other agency practices and Metro experience is showing that an increased investment in marketing can lead to more efficient use of resources. Over the past several years, budgetary tradeoffs have limited Metro's advertising resources and subsequently its investments in marketing activities. As a result, surveys such as the

DRAFT

Rider/Nonrider survey which used to be an annual effort have become more infrequent and other types of market research efforts have not been undertaken.

Another factor which has contributed to limited investment in marketing is the assumption that Metro buses advertise themselves whenever they are out on the street. While such visibility is valuable, this basic market exposure is not enough. The public may know that Metro exists but they do not necessarily know how to use Metro or understand how it can benefit them. Those that do use Metro, such as commuters, may be unaware of how Metro could meet their other travel needs. With 20-25 percent of Metro's customers new to the system each year, as measured by recent Rider/Nonrider surveys, additional promotions and education could help communicate the many benefits of traveling by Metro and help retain them as riders. Increased marketing efforts could help bridge these gaps, and in turn add and maintain riders in the system.

As Metro seeks to grow overall ridership and increase efficiency by attracting riders to services with existing capacity, expanded marketing efforts, including increased market research and promotion, may provide an effective means for Metro to increase the efficiency of its service.

How and to what extent should the Comprehensive and Strategic Plans specifically address target markets, transportation service and product development and design?

Metro's current marketing efforts are largely directed by the Annual Marketing Plan which outlines the top 'priority' projects and 'core' marketing activities to help Metro accomplish its goals, with a primary focus on increasing ridership. It also identifies annual marketing strategies. Marketing strategies or policies are not explicitly defined in either the Strategic or Comprehensive Plans. The Strategic and Comprehensive Plans establish service strategies and policies but do not address a connection between service development and target markets or promotion. Should a more explicit connection be established between a targeted market approach and service development? A market approach may lead to different priorities, with examples in the questions below.

- *Based on the demographics of Metro's ridership, which suggest a large share of relatively affluent, "choice" riders on the system, in what ways and to what degree do Metro bus services have to be competitive with the auto?*
- *To what extent should the growing market for sustainable, climate-friendly transportation influence Metro's system design and operational practices? Metro is already taking steps toward climate-friendly operations but what more could it do to further capitalize on the "green" market?*

What more can Metro do to design products that are simple to use and understand?

Ease of use is a factor in customer satisfaction, helping to maintain riders and enabling new or infrequent riders to try transit. Many factors contribute to how easy a system is to use and understand. Foremost is the ease and convenience with which a customer can get from one point to another but other aspects of travel are important as well such as accessing the system, paying for it, and getting on and off the bus.

DRAFT

Developing a system that is easy to use and understand can be challenging, especially for Metro because of the geographic complexity of the transit system. Metro currently strives to help customers use the system through education and information. Metro has been relatively successful in providing information – the 2006 Rider/Nonrider survey indicated that 92 percent of people surveyed were satisfied with their ability to get information on routes and schedules. In addition to easily accessible information, it is also possible to make the system easier to understand by keeping principles of simplicity in mind as the system is being designed. A variety of service design, operation and customer information techniques could be applied to reduce customers' need to consult timetables, and to make services easier to comprehend. This is especially important in attracting occasional and new users. In contrast to commuters who make regular trips involving a single bus route, occasional users are more likely to go to varying destinations and may need to make sense of numerous routes and schedules, and often travel at times when bus service is less frequent and traffic congestion is low.

The ORCA (SMART Card) regional fare coordination project and RapidRide both represent products that are intended to make the transit system easier to use, one by making payment more efficient and the other by providing service frequent enough to eliminate the need for a schedule and simplifying representation of routes. RapidRide also introduces a hierarchy to transit that is useful to riders trying to understand the transit system, and facilities that will make it more apparent that transit is a permanent feature of the transportation system.

RapidRide is also an example of how service design and branding are being implemented to raise awareness about a new and different product. As a fleet of new Rapid Ride coaches catch the public's eye, it may lead to increased overall awareness and interest in Metro and transit. Other innovative approaches to branding could be applied to existing services. For example, hybrid and no-emission trolley coaches could possibly be branded differently to capitalize on the public interest in more sustainable, climate-friendly transportation.

To what extent and at what cost should Metro emphasize system simplicity, ease of payment and convenience?

There are trade-offs between ease of use factors and cost. Some examples are listed below which may draw more customers, increasing potential revenue but may lead to added costs or inconvenience for other users and for Metro operations.

- *Should Metro eliminate zone fares and use a flat fare system (with reduced fares for some still in effect) to significantly improve the ease of use of Metro?*
- *Could implementation of flat fares be revenue neutral with a lowering of the two-zone fare and addition of paid parking to address the higher cost of capital intensive commuter services?*
- *Would an online parking reservations system for park-and-ride lots, enabling commuters to know in advance of the availability of a space, make park-and-ride use simpler and more convenient?*